


Baldwin's Kentucky Revised Statutes Annotated [Currentness](#)

Title XII. Conservation and State Development

Chapter 154. Development

 [Subchapter 12](#). Cabinet for Economic Development ([Refs & Annos](#))

 Organization

→ **154.12-278 Department of Commercialization and Innovation; appointment of commissioner; duties of department; high-tech construction pool and high-tech investment pool; duties of Kentucky Economic Development Finance Authority**

- (1) As used in this section, “cluster” and “knowledge-based” shall have the same meaning as in [KRS 164.6011](#).
- (2) There is established the Department of Commercialization and Innovation in the Cabinet for Economic Development. The department shall be headed by a commissioner appointed by the Governor under [KRS 12.040](#).
- (3) The duties of the Department of Commercialization and Innovation shall include but not be limited to:
 - (a) Implement the Kentucky Innovation and Commercialization Center Program as set forth in [KRS 154.12-300](#) to [154.12-310](#);
 - (b) Monitor the return on investments and effectiveness of the Kentucky Innovation Act initiatives as set forth in the Strategic Plan for the New Economy as approved by the Kentucky Innovation Commission, January 7, 2002, or as revised, and report annually prior to November 1 to the Kentucky Innovation Commission, the Governor, and the General Assembly;
 - (c) Oversee the modernization initiative in [KRS 154.12-274](#);
 - (d) Assist the cabinet in the recruitment of research and development companies;
 - (e) Assist the cabinet in the attraction of high-technology research and development centers;
 - (f) Support growth and creation of knowledge-based, innovative companies;
 - (g) Build the infrastructure for the new economy businesses and promote networks of technology-driven clusters and research intensive industries;
 - (h) Administer the high-tech construction pool and the high-tech investment pool;
 - (i) Recommend projects to the Kentucky Economic Development Finance Authority for funding through the high-tech construction pool and high-tech investment pool; and

(j) Review and approve the annual plan which details the annual allocation of funds from the Science and Technology Funding Program, prior to the Council on Postsecondary Education executing a contract with the science and technology organization to administer science and technology funding programs. As used in this paragraph, the Science and Technology Funding Program means the Kentucky Enterprise Fund Program, the Rural Innovation Program, the Kentucky Commercialization Program, The Regional Technology Corporations/Innovation and Commercialization Center Satellites, and the Experimental Program to Stimulate Competitive Research/Kentucky Science and Engineering Foundation.

(4) The high-tech construction pool shall be used for projects with a special emphasis on the creation of high-technology jobs and knowledge-based companies. The commissioner, in administering the high-tech construction pool, shall recommend distribution of funds and projects to the Kentucky Economic Development Finance Authority for its approval. The commissioner shall recommend any designated amount of pool funds to be set aside for any match requirements. Any funds used for matching purposes may include public and private funds.

(5) The high-tech investment pool shall be used to build and promote technology-driven industries and research-intensive industries, as well as their related suppliers, with the goal of creating clusters of innovation-driven industries in Kentucky. The commissioner, in administering the high-tech investment pool, shall be authorized to recommend funds to be used to support loans and grants, or to secure an equity or related position.

(6) The Kentucky Economic Development Finance Authority shall assure in their approval of funding of projects that the highest priority is given to knowledge-based companies in fulfillment of the purposes and intentions of the purposes of this section.

CREDIT(S)

HISTORY: [2008 c 98, § 1, eff. 7-15-08](#); [2006 c 210, § 6, eff. 7-12-06](#); [2005 c 181, § 10, eff. 6-20-05](#); [2002 c 230, § 16, eff. 7-15-02](#); [2000 c 522, § 20, eff. 7-14-00](#)

LIBRARY REFERENCES

[States](#)  [45](#), [46](#), [72](#).

Westlaw Topic No. [360](#).

[C.J.S. States §§ 88, 145 to 146, 157 to 161, 163 to 165, 195, 229, 249](#).

KRS § 154.12-278, KY ST § 154.12-278

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[Kentucky Innovation Act](#)

→ **164.6011 Definitions for KRS 164.6011 to 164.6041**

As used in KRS 164.6011 to [164.6041](#), unless the context indicates otherwise:

- (1) “Applied research” means those research activities occurring at universities and in private enterprises that have potential commercial application;
- (2) “Cluster” means a geographically bound concentration of similar, related, or complementary businesses with active channels for business transactions, communications, and dialogue, that share specialized infrastructure, labor markets, and services, and that are faced with common opportunities and threats;
- (3) “Commission” means the Kentucky Innovation Commission;
- (4) “Commonwealth” means the Commonwealth of Kentucky;
- (5) “Council” means the Council on Postsecondary Education;
- (6) “Eligible company” means any corporation, limited liability company, partnership, limited partnership, sole proprietorship, business trust, person, group, or other entity engaged in nonretail commerce, agribusiness, trade, or manufacturing;
- (7) “Immediate family members” means:
 - (a) Spouse and parents-in-law;
 - (b) Parents and grandparents;
 - (c) Children and their spouses; and
 - (d) Siblings and their spouses;
- (8) “Kentucky-based company” means a business with its principal place of business in Kentucky or no less than fifty percent (50%) of its property and payroll located in Kentucky;
- (9) “Knowledge-based” means driven by knowledge, innovation, and speed;
- (10) “Medium-size company” means a business with fifty-one (51) to one hundred fifty (150)

employees;

(11) “Qualified company” means an eligible company that may be granted a funding voucher or award pending certification;

(12) “Science and technology organization” means an independent, nonprofit or quasi-governmental organization, with a statewide mission, that has a demonstrated history of managing complicated programs in the areas of entrepreneurial innovation, science, and technology advancement;

(13) “Seed funding” means financing that is provided for early-stage development, refinement, and commercialization of a product, process, or innovation through continuing applied research, advancing the patent process, determining commercial and market potential, or moving research toward development of a prototype; and

(14) “Small company” means a firm with fifty (50) or fewer employees.

CREDIT(S)

HISTORY: [2006 c 149, § 223, eff. 7-12-06](#); [2002 c 230, § 29, eff. 7-15-02](#); [2000 c 522, § 1, eff. 7-14-00](#)

KRS § 164.6011, KY ST § 164.6011

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[Kentucky Innovation Act](#)

→ **164.6013 Legislative findings on promotion of research, innovation, and high-technology enterprises**

The General Assembly finds that the general welfare and material well-being of the citizens of the Commonwealth depend on immediate action to develop a strong, entrepreneurial economy, characterized by knowledge, innovation, and speed and that it is in the best interest of the Commonwealth to promote research, innovation, and high-technology enterprises that utilize the higher-order skills of an educated workforce. The provisions in [KRS 164.6011](#) to [164.6041](#), [154.12-274](#), [154.12-278](#), and [KRS 154.12-300](#) to [154.12-310](#) shall be liberally construed and applied to advance public purposes.

CREDIT(S)

HISTORY: [2008 c 98, § 10, eff. 7-15-08](#); [2002 c 230, § 30, eff. 7-15-02](#); [2000 c 522, § 2, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [5](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities §§ 8, 41](#).

KRS § 164.6013, KY ST § 164.6013

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[Chapter 164](#). State Universities and Colleges; Regional Education; Archaeology ([Refs & Annos](#))

[Kentucky Innovation Act](#)

→ **164.6015 Kentucky Innovation Commission; members; duties; support staff**

(1) There is established the Kentucky Innovation Commission, as an independent advisory commission, consisting of fifteen (15) members as follows:

- (a) The Governor or designee;
- (b) The secretary of the Governor's Executive Cabinet or designee;
- (c) The secretary of the Cabinet for Economic Development or designee;
- (d) The president of the Council on Postsecondary Education or designee;
- (e) The state budget director or designee;
- (f) The Speaker of the House or designee;
- (g) The President of the Senate or designee; and
- (h) Eight (8) at-large members appointed by the Governor as follows:
 - 1. Four (4) members of the private sector possessing extensive experience and expertise relating to managing a high-technology business or engaging in an innovation-driven, knowledge-based enterprise;
 - 2. One (1) member engaged in the business of venture capital;
 - 3. One (1) member of the private sector possessing extensive experience and expertise relating to providing or supporting communications infrastructure; and
 - 4. Two (2) members who are engineers or scientists recognized for their scientific or technological research efforts, or educators with an interest or background in teaching students to become highly skilled workers or entrepreneurs.

(2) The eight (8) at-large members shall serve terms of four (4) years, except that the original appointments shall be staggered so that two (2) appointments shall expire at two (2) years, three (3) appointments shall expire at three (3) years, and three (3) appointments shall expire at four (4) years from the dates of initial appointment.

- (3) The commission shall meet quarterly and at other times upon call by the chair.
- (4) Eight (8) members shall constitute a quorum for conducting business.
- (5) Members shall receive no compensation except that the at-large members shall be reimbursed for actual and necessary travel expenses for attending meetings and performing other official functions, consistent with state reimbursement policy for state employees.
- (6) A vacancy shall be filled in the same manner as the original appointment.
- (7) The chair and vice chair of the commission shall be appointed by the Governor.
- (8) The commission shall provide ongoing advice, direction, and policy recommendations to the Governor and the General Assembly relating to the status of Kentucky knowledge-driven businesses, research and development initiatives, and related high-skill training and education in the Commonwealth.
- (9) The duties and responsibilities of the commission shall be to:
 - (a) Promote the cooperation of private and public entities that have the purpose and duty of advancing the knowledge-based economy in the Commonwealth through technological innovation and knowledge transfer;
 - (b) Report on the progress the Commonwealth has made annually toward achieving the goals in [KRS 164.6013](#) through its agreed-upon benchmarks. In the setting of benchmarks the commission shall consider performance indicators recommended by public and private experts in and outside of the state in the fields of research and development and economic development, for the purpose of recommending benchmarks. Experts in this state shall include but not be limited to representatives from the universities undertaking research and development activities, representatives of the Kentucky Science and Technology Corporation, representatives of targeted technology sectors, representatives of the Cabinet for Economic Development, and representatives of other state agencies having economic development and information technology responsibilities. Outside state experts shall include nationally recognized independent reviewers to assess the competitiveness of technology sectors in this state and the impact of research and development activities on economic development in the Commonwealth. Quantitative and qualitative indicators may include but are not limited to the following:
 - 1. Kentucky companies modernizing to become more technologically innovative and globally competitive;
 - 2. Research and development initiatives undertaken at Kentucky universities with federal,

state, or private funds;

3. Educational attainment in areas that support the workforce needs of information technology and high-growth knowledge industries;
 4. High-technology sectors and companies moving to and operating in the state;
 5. Patents filed for technology or knowledge-based commercial products, processes, or services;
 6. Businesses using electronic commerce and the communications infrastructure access capacity for Kentucky businesses;
 7. Growth in corporate headquarters, research and development centers, high-income employees, and clustering of related technology industries and suppliers; and
 8. Monitoring reports indicating progress made by the Kentucky Innovation Act investments as reported by the Department of Commercialization and Innovation and the Council on Postsecondary Education;
- (c) Operate as a common strategic umbrella to advocate for the use of federal, state, local government, and private sector funds to create research and development projects, modernize manufacturing facilities, and promote knowledge-based, technology sectors and companies in the Commonwealth; and
- (d) Report to the Governor and to the General Assembly annually on performance indicators, recommending benchmarks for measuring progress toward the advancement of the knowledge-based economy, technological innovation, and knowledge transfer, and reporting on the programs and initiatives set forth in [KRS 164.6019](#) to [164.6041](#), [154.12-274](#), [154.12-278](#), and [KRS 154.12-300](#) to [154.12-310](#).
- (10) The support staff for the commission shall be from the office of the state budget director.

CREDIT(S)

HISTORY: [2008 c 98, § 11, eff. 7-15-08](#); [2006 c 210, § 10, eff. 7-12-06](#); [2005 c 181, § 14, eff. 6-20-05](#); [2002 c 230, § 31, eff. 7-15-02](#); [2000 c 522, § 3, eff. 7-14-00](#)

HISTORICAL AND STATUTORY NOTES

Executive Order Note: Executive Order 2002-822, issued 7-15-02, created the Kentucky Energy Policy Advisory Board (KEPAB) which shall be responsible for the planning and development of a statewide twenty-year long-term energy strategy coordinated with the

Kentucky Innovation Commission, Office of the New Economy, and shall be attached to the Kentucky Public Service Commission for administrative purposes, which shall hire an executive director for KEPAB, provide staffing assistance as necessary and may expend funds on behalf of KEPAB; this strategy is necessary due to the need to develop future energy supplies, new technologies, a trained work force to accommodate the projected future energy demand and governmental alliances with the state's universities, business and environmental communities to promote energy market expansion and exportable energy products, and to ensure that the state's energy supply is safe, reliable, affordable, efficient and environmentally sound in light of the events of September 11, 2001, as well as changes in fundamental aspects of the electricity market in the United States in recent years.

LIBRARY REFERENCES

[Colleges and Universities](#)  [7](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities §§ 15 to 18](#).

KRS § 164.6015, KY ST § 164.6015

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[Kentucky Innovation Act](#)

→ **164.6017 Council's powers and duties to carry out the purposes of KRS 164.6019 to 164.6041 and related statutes**

(1) The Council on Postsecondary Education shall have all the powers and authority, not explicitly prohibited by statute, necessary and convenient to carry out and effectuate the purposes of [KRS 164.6019](#) to [164.6041](#), including but not limited to:

- (a) Entering into contracts or agreements necessary or incidental to the performance of its duties, functions, and responsibilities; and
- (b) Soliciting, borrowing, accepting, receiving, and expending funds from any public or private source, including but not limited to general fund appropriations of the Commonwealth, grants, or contributions of money, property, labor, or other things of value to be used to carry out the programs' operations, functions, and responsibilities; and
- (c) Notwithstanding the provisions in paragraph (a) of this subsection, the commissioner of the Department of Commercialization and Innovation shall approve the contracts issued by the Council on Postsecondary Education regarding the structure of programs and funding levels in those programs administered by a science and technology organization and created in [KRS 154.12-320](#), [164.6021](#), [164.6029](#), and [164.6037](#).

(2) The council may expend money in the funds created in [KRS 164.6019](#), [164.6027](#), and [164.6035](#) for reasonable administrative expenses directly incurred in carrying out the requirements of [KRS 164.6019](#) to [164.6041](#). It is the intent of the General Assembly that the funds created in [KRS 164.6019](#), [164.6027](#), and [164.6035](#) be used, to the fullest extent possible, to directly fund project costs. It is also the intent of the General Assembly that the first priority of expenditures of any excess revenues generated from the funds created in [KRS 164.6019](#), [164.6027](#), and [164.6035](#) is to replenish general fund appropriations for those same purposes.

(3) The council shall contract with a science and technology organization to administer the programs created in [KRS 164.6021](#), [164.6029](#), and [164.6037](#). The council shall approve the application criteria, the process for submission of an application, and the structure and type of outside expertise or peer review used in the application review process in the programs created in [KRS 164.6021](#), [164.6029](#), and [164.6037](#).

(4) No member of the council or the science and technology organization or other administering entity, or their employees or outside experts or their immediate family members, shall directly or indirectly financially benefit in any award, contract, or agreement under the programs.

(5) The council shall submit an annual report prior to October 15 to the Kentucky Innovation Commission, the Governor, and the General Assembly detailing its work related to the programs created in [KRS 164.6021](#), [164.6029](#), and [164.6037](#). The annual report shall be coordinated with the monitoring report by the Department of Commercialization and Innovation indicating progress made through investments, and shall include but not be limited to reporting on the progress made in achieving each program's purposes, qualitative and quantitative information concerning the applications received, projects approved and undertaken, companies served, and funding amounts invested in each project or program, as appropriate, and findings and recommendations to increase each program's effectiveness in achieving its purposes.

(6) All records related to the administration of the programs created in [KRS 164.6021](#), [164.6029](#), and [164.6037](#) shall be deemed property of the council and shall be deemed open records and subject to public inspection under [KRS 61.870](#) to [61.884](#). Any research that involves or is a patent, trade secret, or other legally protectable interest shall be exempt from inspection until such time as the intellectual property rights have been fully protected.

CREDIT(S)

HISTORY: [2006 c 210, § 11, eff. 7-12-06](#); [2005 c 181, § 15, eff. 6-20-05](#); [2002 c 230, § 32, eff. 7-15-02](#); [2000 c 522, § 4, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [5](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities §§ 8, 41](#).

KRS § 164.6017, KY ST § 164.6017

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[Kentucky Innovation Act](#)

→ **164.6019 Kentucky enterprise fund**

There is established and created in the State Treasury a fund entitled the “Kentucky Enterprise Fund” for the purpose of enabling small or medium-size, Kentucky-based companies to undertake feasibility, concept development, research and development, or commercialization work in partnership with colleges and universities in the Commonwealth. The fund may receive state appropriations, gifts, grants, federal funds, revolving funds, and any other funds both public and private. Moneys deposited in the fund shall be disbursed by the State Treasurer upon the warrant of the secretary of the Finance and Administration Cabinet. Any unallocated or unencumbered balances in the fund shall be invested as provided in [KRS 42.500\(9\)](#), and any income earned from the investments along with the unallotted or unencumbered balances in the fund shall not lapse, and shall be deemed a trust and agency account and made available solely for the purposes and benefits of the Kentucky Enterprise Fund Program.

CREDIT(S)

HISTORY: [2008 c 98, § 2, eff. 7-15-08](#); [2000 c 522, § 5, eff. 7-14-00](#)

LIBRARY REFERENCES

[States](#)  [127](#).

Westlaw Topic No. [360](#).

[C.J.S. States § 228](#).

KRS § 164.6019, KY ST § 164.6019

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→ **164.6021 Kentucky Enterprise Fund Program**

(1) There is created and established in the Council on Postsecondary Education a Kentucky Enterprise Fund Program to provide capital to small and medium-size, Kentucky-based companies to undertake feasibility, concept development, research and development, or commercialization work in partnership with colleges and universities in the Commonwealth.

(2) The purpose of the Kentucky Enterprise Fund Program is to:

- (a) Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Kentucky-based companies;
- (b) Support feasibility, concept development, research and development, or commercialization activities that have clear potential to lead to commercially successful products, processes, or services within a reasonable period of time;
- (c) Stimulate growth-oriented enterprises within the Commonwealth;
- (d) Encourage partnerships and collaborative projects between private enterprises, Kentucky's colleges and universities, and research organizations;
- (e) Promote research and development and commercialization activities that are market-oriented; and
- (f) Support small and medium-sized companies.

(3) The Kentucky Enterprise Fund Program shall make financial assistance available to qualified companies in accordance with this section as follows:

- (a) Grants of up to thirty thousand dollars (\$30,000) for companies exploring the feasibility of technology commercialization;
- (b) Funding of up to two hundred fifty thousand dollars (\$250,000) for companies in the concept development phase of technology commercialization;
- (c) Funding of up to five hundred thousand dollars (\$500,000) for companies in post-initialization but before full commercialization; and

(d) Funding of up to seven hundred fifty thousand dollars (\$750,000) for companies with high growth potential and a clear path to commercialization.

(4) Notwithstanding any other provision of law to the contrary, if the science and technology organization determines that, despite all best efforts, it is not practicable for a qualified company to partner with a college or university on a project for which all other requirements are met, then the requirement to partner with a college or university may be waived.

CREDIT(S)

HISTORY: [2008 c 98, § 3, eff. 7-15-08](#); [2000 c 522, § 6, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [5](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities §§ 8, 41](#).

KRS § 164.6021, KY ST § 164.6021

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→ 164.6023 Authority of the science and technology organization to review applications, qualify companies, and certify qualified companies

- (1) The science and technology organization shall have the authority to review applications, qualify companies, and certify qualified companies under the Kentucky Enterprise Fund Program.
- (2) The science and technology organization shall develop application criteria and an application process subject to the following limitations. The proposed project shall be likely to:
 - (a) Produce a measurable result and be technically sound;
 - (b) Lead to innovative technology or new knowledge;
 - (c) Lead to commercially successful products, processes, or services within a reasonable period of time; or
 - (d) Show significant potential for stimulating economic growth and a reasonable probability to enhance employment opportunities within the Commonwealth.
- (3) The applicant shall provide to the science and technology organization an application that shall include but not be limited to the following information:
 - (a) Verification that the applicant is an eligible company that meets the definition of a Kentucky-based company and medium-size company or small company;
 - (b) A technology description and plan that is sufficient for outside expert review;
 - (c) A detailed financial analysis that includes the commitment of resources by the applicant and others;
 - (d) Sufficient detail concerning proposed project partners, type and amount of work to be performed by each partner, and expected product or service with estimated costs to be reflected in the negotiated contract or agreement; and
 - (e) A statement of the economic development potential of the project.
- (4) The science and technology organization shall conduct an independent review with the use of

outside experts to evaluate each application. Following the application review, the science and technology organization shall make a determination of the application and may determine that the applicant is a qualified company as defined in [KRS 164.6011](#).

(5) Upon a qualified company's presentation of a legal agreement or contract meeting the conditions under subsection (6) of this section, the science and technology organization shall present the qualified company, the project partner, if any, and the college or university in the Commonwealth, if any, with a certification authorizing funding.

(6) Prior to receiving certification authorizing funding from the science and technology organization, the qualified company shall:

- (a) Negotiate an agreement and funding contract with a college or university in the Commonwealth and with a project partner, if any, that is satisfactory to the science and technology organization, to undertake the commercialization work; and
- (b) Provide assurance to the science and technology organization that the college or university and the qualified company have negotiated the ownership and disposition of patents, royalties, all other intellectual property rights, and equity or related position relating to the contract between the qualifying company and the college or university;

unless the requirement to partner with a college or university is waived under [KRS 164.6021\(4\)](#).

(7) Prior to certifying a qualified company, the science and technology organization may negotiate with the qualified company the ownership and disposition of patents, royalties, all other intellectual property rights, and an equity or related position on behalf of the Kentucky Enterprise Fund for the sole purpose of reinvesting and sustaining a revolving fund to carry out the provisions of [KRS 164.6021](#) and 164.6023.

(8) The science and technology organization, upon approval by the council, shall set forth guidelines as to when and how all areas of the state will be notified about the program's availability and a program schedule, including but not limited to the following:

- (a) A review cycle including:
 - 1. A deadline for submission of applications at least biannually; and
 - 2. A deadline for reviewing applications of no more than one hundred twenty (120) days after the application submission deadline; and
- (b) A deadline, from the date an applicant is determined to be a qualified company, by which certification shall be made. If certification is not made by that deadline the funding voucher

award is made void.

CREDIT(S)

HISTORY: [2008 c 98, § 4, eff. 7-15-08](#); [2002 c 230, § 39, eff. 7-15-02](#); [2000 c 522, § 7, eff. 7-14-00](#)

Legislative Research Commission Note (7-15-08): A manifest clerical or typographical error in 2008 Ky. Acts ch. 98, sec. 4 (this statute), amending this statute has been corrected in codification pursuant to [KRS 7.136](#). The waiver referred to at the end of subsection (6) of that Acts chapter and section appears in subsection (4) of Section 3 of that Act, not as incorrectly cited as “subsection (4) [of] Section 4 of this Act.”

LIBRARY REFERENCES

[Colleges and Universities](#)  [5](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities §§ 8, 41](#).

KRS § 164.6023, KY ST § 164.6023
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→ **164.6025 Limitations upon project funding in the Kentucky Research and Development Voucher Program--Repealed**

CREDIT(S)

HISTORY: [2008 c 98, § 13, eff. 7-15-08](#); [2002 c 230, § 40, eff. 7-15-02](#); [2000 c 522, § 8, eff. 7-14-00](#)

KRS § 164.6025, KY ST § 164.6025

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→ **164.6027 Kentucky rural innovation fund**

There is established and created in the State Treasury a fund entitled the “Kentucky Rural Innovation Fund” for the purpose of enabling small, rural Kentucky-based firms to undertake research and development, and entrepreneurial innovation work in partnership with postsecondary institutions in the Commonwealth. The fund may receive state appropriations, gifts, grants, federal funds, revolving funds, and any other funds both public and private. Moneys deposited in the fund shall be disbursed by the State Treasurer upon the warrant of the secretary of the Finance and Administration Cabinet. Any unallocated or unencumbered balances in the fund shall be invested as provided in [KRS 42.500\(9\)](#), and any income earned from the investments along with the unallotted or unencumbered balances in the fund shall not lapse, and shall be deemed a trust and agency account and made available solely for the purposes and benefits of the Kentucky Rural Innovation Program.

CREDIT(S)

HISTORY: [2000 c 522, § 9, eff. 7-14-00](#)

LIBRARY REFERENCES

[States](#)  [127](#).

Westlaw Topic No. [360](#).

[C.J.S. States § 228](#).

KRS § 164.6027, KY ST § 164.6027

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→ **164.6029 Kentucky Rural Innovation Program; purposes**

(1) There is created and established in the Council on Postsecondary Education a Kentucky Rural Innovation Program to provide awards to rural Kentucky-based, small companies to undertake research, development, and entrepreneurial innovation work in partnership with Kentucky postsecondary institutions, the Small Business Development Center Network in Kentucky, and other entities engaged in research and development work.

(2) The purpose of the Kentucky Rural Innovation Program is to:

- (a) Accelerate knowledge transfer and technological innovation that improve economic competitiveness and spur economic growth in rural, Kentucky-based, small companies;
- (b) Support entrepreneurial activities that have clear potential to lead to commercially successful products, processes, or services within a reasonable period of time;
- (c) Stimulate growth-oriented enterprises within the Commonwealth;
- (d) Encourage partnerships and collaborative projects between private enterprises, Kentucky's postsecondary institutions, research organizations, and the Small Business Development Center Network in Kentucky; and
- (e) Promote research, development, and entrepreneurial activities that are driven by private sector requirements.

CREDIT(S)

HISTORY: [2002 c 230, § 33, eff. 7-15-02](#); [2000 c 522, § 10, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [5](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities §§ 8, 41](#).

KRS § 164.6029, KY ST § 164.6029

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Title XIII. Education

[Chapter 164](#). State Universities and Colleges; Regional Education; Archaeology ([Refs & Annos](#))

[Kentucky Innovation Act](#)

→ 164.6031 Authority of the science and technology organization to review applications, grant awards to qualifying companies, and certify qualified companies

(1) The science and technology organization shall have the authority to review applications, grant awards to qualifying companies, and certify qualified companies. The science and technology organization shall develop application criteria and an application process subject to the following limitations. The proposed project shall be likely to:

- (a) Produce a measurable result and be technically sound;
- (b) Lead to innovative technology or new knowledge;
- (c) Lead to commercially successful products, processes, or services within a reasonable period of time; or
- (d) Show significant potential for stimulating economic growth and a reasonable probability to enhance employment opportunities within rural Kentucky.

(2) The applicant shall provide to the science and technology organization an application that shall include but not be limited to the following information:

- (a) Verification that the applicant is an eligible company, a Kentucky-based company, and a small company, and is located in a rural area of the state;
- (b) Written justification that the project application is consistent with the program purposes;
- (c) A research, development, and entrepreneurial plan that is sufficient in scope for review;
- (d) A financial analysis and resource support plan that includes sufficient commitments by the applicant and others, in addition to a Kentucky Rural Innovation award, providing a reasonable probability of the success of the project endeavor;
- (e) Sufficient detail concerning proposed project partners, type and amount of work to be performed by each partner, and expected product or service with estimated costs to be reflected in the negotiated contract or agreement; and
- (f) A statement of the economic development potential of the project.

(3) The science and technology organization shall conduct an independent review with the use of outside experts to evaluate each application. Following the application review, the council shall make a determination of the application and may determine that the applicant is a qualified company as defined in [KRS 164.6011](#).

(4) Upon a qualified company's presentation of a legal agreement or contract meeting the conditions under subsection (5) of this section the science and technology organization shall present the qualified company and partnering entities with a certification authorizing award funding.

(5) Prior to receiving certification authorizing award funding the qualified company shall:

- (a) Negotiate an agreement and funding contract with one (1) or more of Kentucky's postsecondary institutions, the Small Business Development Center Network for approved project activities specified under [KRS 154.01-750\(4\)](#), or other entity engaged in the research and development work, that is satisfactory to the science and technology organization, to undertake the research and development and entrepreneurial work; and
- (b) Provide assurance to the science and technology organization that the collaborating parties have adequately addressed the ownership and disposition of patents, royalties, and all other intellectual property rights, and equity or related position relating to the contract between the qualifying company and a partnering entity.

(6) The science and technology organization shall set forth guidelines as to when and how all areas of the state will be notified about the program availability and guidelines for making application to the program. The science and technology organization shall determine a deadline, from the date an award is granted, that certification shall be made. If certification is not made by that deadline the award is made void.

(7) Prior to certifying a qualified company, the science and technology organization may negotiate with the qualified company the ownership and disposition of patents, royalties, all other intellectual property rights, and an equity or related position on behalf of the Kentucky rural innovation fund for the sole purpose of reinvesting and sustaining a revolving fund to carry out the provisions of this section and [KRS 164.6029](#) and [164.6033](#).

(8) The council shall, in effectuating the provisions of this section, contract with a science and technology organization to administer and manage the Kentucky Rural Innovation Program.

CREDIT(S)

HISTORY: [2002 c 230, § 34, eff. 7-15-02](#); [2000 c 522, § 11, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [5](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities §§ 8, 41](#).

KRS § 164.6031, KY ST § 164.6031

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[Chapter 164](#). State Universities and Colleges; Regional Education; Archaeology ([Refs & Annos](#))

[Kentucky Innovation Act](#)

→ **164.6033 Limitations upon project funding in the Kentucky Rural Innovation Program**

Project funding in the Kentucky Rural Innovation Program shall have the following limitations:

- (1) Award funds shall be used as seed funding as defined in [KRS 164.6011](#);
- (2) Award funds may be used for those entrepreneurial training topics specified in [KRS 154.01-750\(4\)](#), if they meet particular objectives of a qualified company as delineated in the project application; and
- (3) The amount of a fund award to a qualified company shall not exceed fifty thousand dollars (\$50,000) each year for two (2) years, equal to a maximum of one hundred thousand dollars (\$100,000).

CREDIT(S)

HISTORY: [2002 c 230, § 35, eff. 7-15-02](#); [2000 c 522, § 12, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [6\(5\)](#).
[States](#)  [127](#).

Westlaw Topic Nos. [360](#), [81](#).

[C.J.S. Colleges and Universities §§ 10, 14](#).

[C.J.S. States § 228](#).

KRS § 164.6033, KY ST § 164.6033

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→ **164.6035 Kentucky commercialization fund**

There is established and created in the State Treasury a fund entitled the “Kentucky Commercialization Fund” to provide seed funding for the development and commercialization of promising technologies at and emerging from colleges and universities in the Commonwealth. The fund may receive state appropriations, gifts, grants, federal funds, revolving funds, and any other funds both public and private. Moneys deposited in the fund shall be disbursed by the State Treasurer upon the warrant of the secretary of the Finance and Administration Cabinet. Any unallocated or unencumbered balances in the fund shall be invested as provided in [KRS 42.500\(9\)](#), and any income earned from the investments along with the unallotted or unencumbered balances in the fund shall not lapse, and shall be deemed a trust and agency account and made available solely for the purposes and benefits of the Kentucky Commercialization Fund Program.

CREDIT(S)

HISTORY: [2008 c 98, § 5, eff. 7-15-08](#); [2000 c 522, § 13, eff. 7-14-00](#)

LIBRARY REFERENCES

[States](#)  [127](#).

Westlaw Topic No. [360](#).

[C.J.S. States § 228](#).

KRS § 164.6035, KY ST § 164.6035

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→ **164.6037 Kentucky Commercialization Fund Program; purposes**

(1) There is created and established in the Council on Postsecondary Education a Kentucky Commercialization Fund Program to provide seed funding as defined in [KRS 164.6011](#), for the development and commercialization of promising technologies at and emerging from Kentucky's colleges and universities.

(2) The purposes of the Kentucky Commercialization Fund Program are to:

- (a) Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Kentucky-based companies;
- (b) Provide seed funding for promising technologies developed in Kentucky's colleges and universities;
- (c) Support promising technologies with commercial potential that are in their early stages of development;
- (d) Promote technologies and resources offered by Kentucky's postsecondary institutions to private enterprises; and
- (e) Support the formation and organization of private enterprise that advances commercial applications based on a university's research and development work.

CREDIT(S)

HISTORY: [2008 c 98, § 6, eff. 7-15-08](#); [2000 c 522, § 14, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [6\(1\)](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities § 10](#).

KRS § 164.6037, KY ST § 164.6037

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[Chapter 164](#). State Universities and Colleges; Regional Education; Archaeology ([Refs & Annos](#))

[Kentucky Innovation Act](#)

→ 164.6039 The science and technology organization to review, evaluate, and recommend proposal applications submitted by universities and report to council; council's power to approve program fund awards

- (1) The science and technology organization shall conduct an outside review to evaluate each proposal.
- (2) The science and technology organization shall have the authority to review and provide to the council a reporting of recommended fund projects, which includes a ranking of projects, suggested funding amounts for each project, and reasons for recommending the selected project.
- (3) The council shall receive from the science and technology organization a reporting of recommended projects and shall have the final approval on program fund awards.
- (4) The science and technology organization shall recommend projects based on proposal applications submitted by Kentucky's universities. The proposals shall be selected on criteria that include, but are not limited to, the following:
 - (a) Competitive, external peer review;
 - (b) Merits of the proposal to meet the program's purposes under [KRS 164.6037\(2\)](#); and
 - (c) Potential of the proposal to increase the competitiveness of Kentucky businesses.
- (5) Prior to final approval of fund awards, the university submitting the proposal shall provide assurance to the science and technology organization that the collaborating parties have adequately addressed the ownership and disposition of patents, royalties, and all other intellectual property rights, and equity or related position relating to the contract between the qualifying company and a partnering entity.
- (6) Prior to approval of funding awards, the science and technology organization may negotiate with the university the ownership and disposition of patents, royalties, all other intellectual property rights, and an equity or related position on behalf of the Kentucky commercialization fund for the sole purpose of reinvesting and sustaining a revolving fund to carry out the provisions of [KRS 164.6037](#), 164.6039, and [164.6041](#).
- (7) The science and technology organization, upon approval by the council, shall set forth guidelines as to when and how all areas of the state will be notified about the program

availability and a program schedule, including, but not limited to, the following:

(a) A review cycle including:

1. A deadline for submission of proposals at least biannually; and
2. A deadline for proposal review of no more than one hundred twenty (120) days after the proposal application submission deadline; and

(b) A deadline for the awarding of approved projects and program funds.

CREDIT(S)

HISTORY: [2000 c 522, § 15, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [5, 6\(1\)](#).

Westlaw Topic No. [81](#).

[C.J.S. Colleges and Universities §§ 8, 10, 41](#).

KRS § 164.6039, KY ST § 164.6039

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→ **164.6041 Limitations upon project funding in the Kentucky Commercialization Fund Program**

Project funding in the Kentucky Commercialization Fund Program shall have the following limitations:

- (1) The maximum amount of funding for a project award under the Kentucky Commercialization Fund Program shall not exceed seventy-five thousand dollars (\$75,000) each year up to two (2) years, equal to a maximum of one hundred fifty thousand dollars (\$150,000); and
- (2) The University of Kentucky and the University of Louisville shall be awarded together no more than seventy percent (70%) of fund awards.

CREDIT(S)

HISTORY: [2008 c 98, § 7, eff. 7-15-08](#); [2000 c 522, § 16, eff. 7-14-00](#)

LIBRARY REFERENCES

[Colleges and Universities](#)  [6\(5\)](#).

[States](#)  [127](#).

Westlaw Topic Nos. [360](#), [81](#).

[C.J.S. Colleges and Universities §§ 10, 14](#).

[C.J.S. States § 228](#).

KRS § 164.6041, KY ST § 164.6041

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→ **164.6043 Council to create nonprofit regional technology corporations; organization, powers, and duties of corporations; funding--Repealed**

CREDIT(S)

HISTORY: [2002 c 230, § 41, eff. 7-15-02](#); [2000 c 522, § 17, eff. 7-14-00](#)

KRS § 164.6043, KY ST § 164.6043

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